

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 L-03 H-02 PA-02 PRS-01 /111 W
-----251239Z 036329 /17

R 251211Z JAN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9821
TREASURY DEPT WASHDC
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS

UNCLAS LONDON 01304

PASS FEDERAL RESERVE BOARD

E.O. 11652: N/A
TAGS: EFIN, UK
SUBJECT: PRESS COVERAGE OF THE \$1.5 BILLION EURO LOAN

1. PRESS COVERAGE OF THE \$1.5 BILLION U.K. EURO LOAN HAS BEEN LARGELY CONFINED TO REPORTING DETAILS OF THE CREDIT AND THE CHANCELLOR'S EXPLANATION OF THE LOAN IN HIS PARLIAMENTARY STATEMENT. (SEE LONDON 1262). A SELECTION OF THE NUANCES OF THIS COVERAGE FOLLOWS.

2. THE FINANCIAL TIMES EMPHASIZED THAT THE LOAN WAS IN THE SPIRIT OF BASLE. THE AUTHORITIES WERE TREATING THE RECENT INCREASES IN U.K. RESERVES, WHICH HAVE PARTLY ARISEN FROM FOREIGN PURCHASES OF GILTS, AS VOLATILE LIABILITIES AND HENCE AS INAPPROPRIATE TO FINANCE THE PROS-
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PECTIVE CURRENT ACCOUNT DEFICIT.

3. THE FINANCIAL EDITOR OF THE TIMES NOTED THAT THE LOW INTEREST RATES WERE "LARGELY A MEASURE OF THE RECOVERY OF BRITAIN'S INTERNATIONAL CREDIT STANDING. THE AVERAGE INTEREST RATE OF JUST UNDER 1 PERCENT IS, FOR EXAMPLE, SLIGHTLY BETTER THAN THE 1-1/16 PRESENTLY BEING OFFERED

TO VENEZUELA WHICH LAST AUTUMN WAS ABLE TO BORROW ON
FINERV TEVRMS THAN THE ELECTRICITY COUNCIL (UNDER HMTREAS-
URY'S FOREIGN EXCHANGE COVER SCHEME)." THE TIMES DID
NOTE, HOWEVER, THE ABSENCE OF THE FOUR LARGEST AMERICAN
BANKS AS WELL AS THAT OF THE FRENCH BANKS, AND INDICAT-
ED THAT THE GERMAN AND AMERICAN BANKS REPRESENTED IN THE
CONSORTIUM WERE THE MOST AGGRESSIVE COMPETITORS IN A
MARKET OF FALLING SPREADS.

3. THE GUARDIAN HEADLINES AN UNSENSATIONAL EDITORIAL
"HOORAY, WE'RE CREDITWORTHY." THE EDITORIAL POINTS OUT
THAT FACED WITH LOW RESERVES, AND AN EXPECTED DEFICIT THIS
YEAR, HMTREASURY SIMPLY CHOSE TO BORROW NOW AT EXTREMELY
FAVORABLE RATES RATHER THAN RELY ON SEVERAL BORROWINGS
DURING THE YEAR BY NATIONALIZED INDUSTRIES THROUGH THE
FOREIGN EXCHANGE COVER SCHEME AS WAS DONE IN 1976.

ARMSTRONG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, LOANS, EURODOLLAR
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON01304
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: LONDON
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770121/aaaaasgw.tel
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Litigation Codes:
Litigation History:
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Office: ACTION EUR
Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3512845
Secure: OPEN
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Subject: PRESS COVERAGE OF THE \$1.5 BILLION EURO LOAN
TAGS: EFIN, UK
To: STATE TRSY
Type: TE
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